

BUDGET, FINANCE & INVESTMENT COMMITTEE

May 7, 2015

5:30 P.M.

Courthouse

MINUTES:

Members Present:

Comm. Charlie Baum
Comm. Joe Frank Jernigan
Comm. Robert Peay
Comm. Doug Shafer
Comm. Will Jordan, Chair

Others Present:

Ernest Burgess
Lisa Nolen
Mark Tucker
Jeff Sandvig
Don Odom
Melissa Street

Jay Brown
Michael Gregory
Mike Nunley
Jeff Davidson
Sumner Bouldin
Gary Clardy

Heather Dawbarn
Sonya Stephenson
Mac Nolen
Janet Bowman
Robert Arnold
Rosemary Faulk

Chairman Jordan presided and called the meeting to order at 5:35 P.M. with all members present except Comm. Shawn Kaplan and Comm. Rhonda Allen.

APPROVE MINUTES:

Comm. Jernigan moved, seconded by Comm. Peay to approve the minutes of the April 9, 2015 Budget Committee meeting as presented.

The motion passed unanimously by acclamation.

INDUSTRIAL DEVELOPMENT BOARD INDUSTRIAL REVENUE BONDS:

Mr. Sumner Bouldin, attorney for the Industrial Development Board, presented a resolution approved by the board in March 2015 to authorize the issuance of \$100,000,000 in industrial revenue bonds for Nissan North America, Inc. for the constructing and equipping of a new manufacturing and distribution facility for the manufacture of automotive parts to be supplied to the existing auto plant facility in Smyrna. He explained that the bonds do not present any liability to the County. The board did approve a tax abatement of 20 years on two thirds of the real property and 100% on personal property. The project has a 3.24:1 benefit to cost ratio.

Comm. Shafer moved, seconded by Comm. Jernigan to approve the resolution authorizing the County to be the conduit for the issuance of the industrial revenue bonds.

The motion passed unanimously by roll call vote.

INVESTMENT REPORT:

Lisa Nolen presented the monthly Investment Report noting that there were no CD bids for April. The LGIP interest rate for the month was .09%.

There was no action on this item.

FUND CONDITION REPORT:

Lisa Nolen, Finance Director, presented the monthly Fund Condition Report for the use and information of the committee advising that the Development Tax collections for the month of April totaled \$258,000 with the year-to-date collections being \$2,776,500. This compared to the previous year when the monthly Development Tax collections were \$499,500, and the year-to-date collections were \$3,483,000. She noted that the current year budgeted amount for development tax has been met.

The committee reviewed the fund cash balances totaling \$213,492,047 with operating funds being \$199,110,129 and borrowed funds being \$14,381,918. This compared to the same period last year when the total cash balances were \$196,541,566 with operating funds being \$187,949,425 and borrowed funds being \$8,592,141.

The Finance Director next reviewed the revenue collections advising that sales tax for all governments is up 9.47% compared to prior year. She also noted that 100% of the estimated amount for current property tax had been collected. She reported that building related permits are 121% collected. She also stated that Circuit Court is behind in collections compared to the prior year, but they have reconciled through December 2014 for General Sessions Court and February 2015 for the other courts. The Circuit Court lag in reconciling is also making the Drug Fund collections reflect a lower collection percentage than the previous year.

Following review, Comm. Jernigan moved, seconded by Comm. Baum to approve the Fund Condition Report as presented.

The motion passed unanimously by acclamation.

RISK MANAGEMENT:

Melissa Street presented the monthly Risk Management Financial Report for the use and information of the committee advising that the cost per employee per month for the medical, dental and vision program was \$838.62 compared to \$768.81 for the prior year. The average cost per month was \$881.12 compared to \$873.11 for the prior year. When including the on-site medical clinics, the average cost per employee per month was \$915.14 compared to \$908.24 for the prior year for a trend of 0.8%.

For the Work Injury Fund performance, the year-to-date claims totaled \$539,579.67 compared to \$1,418,755.42 for the prior year.

Following review, Comm. Jernigan moved, seconded by Comm. Shafer to approve the Risk Management Financial Report as presented.

The motion passed unanimously by acclamation.

INSURANCE COMMITTEE RECOMMENDATIONS:

Property, Casualty and Crime Insurance:

Janet Bowman, with CCMSI, the County broker and third party administrator, presented a summary of the rates that were negotiated with Travelers for the property and island marine coverage, Brit Global for the casualty and crime coverage and Provident for auxiliary officer and volunteer firefighter death benefit and accident insurance. The property and island marine coverage quoted premiums total \$453,997, the casualty and crime coverage quoted premiums total \$650,000 and the auxiliary officer and volunteer firefighter quoted premiums are \$6,242 and \$4,053, respectively, with an effective date of July 1, 2015.

Comm. Shafer moved, seconded by Comm. Peay to approve the Insurance Committee recommendation of accepting the coverage as presented and declining the TRIA (terrorism coverage) and accepting Plan 2 coverage for volunteer firefighters and auxiliary officers.

The motion passed unanimously by roll call vote.

Flexible Spending and COBRA Vendors:

Jay Brown, Cowan Benefits, provided a chart of the bids for the flexible spending program and COBRA insurance. The flexible spending program had five bidders and the finalists were narrowed down to ADP and WageWorks. Both finalists made presentations to the insurance administrators and the recommendation was for WageWorks due to their presentation, online capabilities and references. Mr. Brown noted that Cowan Benefits pays the fees related to this program.

For COBRA insurance, there were the same five bidders with the finalist being ADP and WageWorks. WageWorks was the recommendation due to presentation, capabilities and references. Also, they were selected to consolidate vendors and minimize some of the paperwork for the Risk Management department. Although WageWorks is about \$2,800 more in annual cost over ADP, the insurance committee recommended WageWorks unanimously. Mrs. Street noted that the staff cost was not reflected in the totals, which would cost more to have two separate vendors. She also noted that the staff felt that WageWorks was better positioned to

handle COBRA for the County and they felt better about the answers to questions during the interviews.

Comm. Peay moved, seconded by Comm. Shafer to approve the insurance committee's recommendation of WageWorks as vendor for Flexible Spending and COBRA insurance, effective January 1, 2016.

The motion passed unanimously by acclamation.

Voluntary Insurance:

Jay Brown presented the committee with the bids for voluntary accident, cancer and critical illness insurance. There were three bidders and one did not show up to make a presentation to the insurance staff and consultant. The insurance committee recommended Unum due to richer benefits and the rates not changing as age increases, once accepted. This insurance is 100% employee paid and currently about 750 employees participate. Employees currently enrolled in voluntary insurance have the option to keep the current coverage with the provider if it is not advantageous to change.

Comm. Peay moved, seconded by Comm. Baum to approve Unum as vendor for voluntary benefits, effective January 1, 2016.

The motion passed unanimously by acclamation.

Safety Consultant Contract:

Melissa Street reviewed the bids received for the annual safety consultant. Four bids were received ranging from \$34,000-\$189,500. The low bid was from CCMSI, whom the County worked with on a temporary basis during the spring to complete inspections. Mrs. Street stated that the spring inspections were completed on a timely basis, were thorough and professional and were focused on the OSHA regulations and the corrective measures needed. The insurance committee accepted the recommendation of CCMSI.

Comm. Shafer moved, seconded by Comm. Baum to approve CCMSI as the vendor to perform safety inspections, beginning January 1, 2016, for a three year contract.

The motion passed unanimously by acclamation.

REGISTER OF DEEDS:

Heather Dawbarn presented a General Fund budget transfer for Register of Deeds to provide adequate funds for maintenance agreements for the micro film lab for the remainder of the fiscal year:

Increase Expend.:	101-51600-334 Maint. Agreements	\$3,420
Decrease Expend.:	101-51600-411 Data Proc. Supplies	\$3,420

Comm. Jernigan moved, seconded by Comm. Shafer to approve the budget transfer as presented.

The motion passed unanimously by roll call vote.

CONTRACT WITH TN DEPARTMENT OF CHILDREN'S SERVICES FOR JUVENILE DETENTION:

Lisa Nolen presented the contract and advised that the contract with the TN Department of Children's Services is for housing state juveniles at a rate of \$132.38 per child per day. The maximum liability to the state is \$180,698.70 and the term is July 1, 2015 through June 30, 2016.

Comm. Peay moved, seconded by Comm. Jernigan to approve the contract with the TN Department of Children's Services for Juvenile Detention.

The motion passed by roll call vote with Comm. Shafer abstaining from the vote.

PETSMART GRANT FOR PAWS:

Michael Gregory presented a grant from PetSmart Charities, Inc. for PAWS in the amount of \$10,000 for spay and neuter surgeries for the 37130 zip code area. The grant is for a period of 12 months.

Comm. Jernigan moved, seconded by Comm. Baum to approve the grant agreement as presented.

The motion passed by roll call vote with Comm. Shafer abstaining from the vote.

AMBULANCE SERVICE:

Mike Nunley presented a budget transfer to increase the overtime line item:

Increase Expend.:	118-55130-187 Overtime Pay	\$50,000
Decrease Expend.:	118-55130-119 Office Payroll	\$2,000
	118-55130-133 Paraprofessionals Pay	\$33,000
	118-55130-148 Dispatch Payroll	\$15,000

He also presented a budget transfer to adjust the supervisors payroll line item:

Increase Expend.:	118-55130-105 Supervisors Payroll	\$5,000
Decrease Expend.:	118-55130-119 Office Payroll	\$5,000

Comm. Peay moved, seconded by Comm. Jernigan to approve the budget transfers as presented.

The motion passed unanimously by roll call vote.

SHERIFF'S DEPARTMENT:

Rosemary Faulk presented various General Fund budget amendments for the Sheriff's Department:

To recognize revenue from Organized Crime Drug Enforcement Task Force:

Increase Revenue:	101-47700 Asset Forfeit. Funds	\$8,527
Increase Expend.:	101-54110-187 Overtime Pay	\$7,128
	101-54110-201 Social Security	\$442
	101-54110-204 State Retirement	\$854
	101-54110-212 Employer Medicare	\$103

To transfer funds to utilities to fund the remainder of the fiscal year:

Increase Expend.:	101-54210-452 Utilities	\$167,000
Decrease Expend.:	101-54110-307 Communication	\$33,500
	101-54110-334 Maint. Agreements	\$5,000
	101-54110-336 M & R Service-Equip.	\$20,000
	101-54110-425 Gasoline	\$60,000
	101-54110-599 Other Charges	\$1,500
	101-54110-709 DP Equip.	\$20,000
	101-54110-719 Office Equipment	\$10,000
	101-54110-790 Other Equipment	\$17,000

To transfer funds from Sheriff unemployment to Jail unemployment:

Increase Expend.:	101-54210-210 Unemployment Comp.	\$17,500
Decrease Expend.:	101-54110-210 Unemployment Comp.	\$17,500

Comm. Shafer moved, seconded by Comm. Baum to approve the budget amendments as presented.

Comm. Peay asked if the utilities amendment would be adequate for the remainder of the year. Ms. Faulk stated that she thought that the amendment would be adequate based on her calculations for the remainder of the year. Sheriff Arnold stated that they had finished installing

push button shower controls in the jail on a portion of level three and all of level two in an effort to conserve water.

The motion passed unanimously by roll call vote.

SPECIAL PURPOSE FUND:

Rosemary Faulk next presented a budget amendment for the Special Purpose Fund to recognize funds from the Federal government for March into the confidential, other supplies & materials and data processing equipment line items.

Increase Revenue:	121-47700	Asset Forfeit. Funds	\$30,646
Increase Expend.:	121-54110-319	Confidential	\$13,146
	121-54110-499	Other Supp. & Mat.	\$2,500
	121-54110-709	Data Proc. Equipment	\$15,000

Comm. Jernigan moved, seconded by Comm. Baum to approve the budget amendment as presented.

Comm. Peay asked if the funds were capable of being used anywhere else. Sheriff Arnold stated that the funds are to be spent at the discretion of the chief law enforcement officer. He also stated that the funds have been used in the past for maintenance of the jail. He stated that the data processing equipment amendment is being used to purchase computers. He also said that the types of investigations have changed requiring more resources.

The motion passed unanimously by roll call vote.

CORRECTIONAL WORK CENTER:

Lisa Nolen presented a General Fund budget transfer for Correctional Work Center to provide adequate funds for overtime for the remainder of the fiscal year. The line item has been exhausted because comp time balances had to be paid out when employees have left employment. Included in the transfer are funds to pay down some comp time balances of employees who are near the 240 hour cap:

Increase Expend.:	101-54220-187	Overtime	\$21,000
	101-54220-201	Social Security	\$995
	101-54220-204	State Retirement	\$2,515
	101-54220-212	Employer Medicare	\$235
Decrease Expend.:	101-54220-169	Part-time	\$5,000
	101-54220-399	Other Contract. Serv.	\$19,745

Comm. Jernigan moved, seconded by Comm. Shafer to approve the budget transfer as presented.

The motion passed unanimously by roll call vote.

GENERAL PURPOSE SCHOOL FUND:

Don Odom presented four General Purpose School Fund amendments to the committee.

The first amendment is needed to cover two vacation payouts, an additional 37 days for the retired vocational ed coordinator, reallocates the vacant vocational clerk's salary to the CTE Specialist position which began last year, and covers other changes caused by staff turnover. It amends \$106,516 in already budgeted staff and the related \$8,379 in benefits for a total of \$114,895 in already budgeted certified staff and the related benefits.

The second amendment re-allocates \$465,223 in already budgeted medical insurance, life insurance, and long-term disability insurance based on staff the Board of Education now has in place after the 2015 re-enrollment.

The third amendment re-allocates \$70,004 in already budgeted vocational materials and supplies to the line items where the funds are needed this year. Of this amount, \$68,364 is for the major

function 71300, Vocational Ed. Program-Instruction, and \$1,640 for 72230, Vocational Ed. Program-Support Services.

The fourth amendment is to upgrade existing computer labs, add new computer labs, and purchase laptop carts so that the school system will be able to handle on-line testing next year. This amendment takes \$1,000,000 of the growth local sales tax revenue and budgets it for instruction equipment, account 71100-722, so that the technology department can start ordering and installing equipment in May 2015. The school system is 3,721 computers short of meeting the requirement and testing will be in late January 2016.

Comm. Jernigan moved, seconded by Comm. Baum to approve the General Purpose School Fund amendments as presented.

The motion passed unanimously by roll call vote.

ENERGY EFFICIENT SCHOOLS INITIATIVE LOAN:

Gary Clardy presented a loan agreement from the Energy Efficient Schools Council which will be used to provide monitoring and measurement tools in various schools related to the energy efficiency program in place. The schools included in the project are Rock Springs Middle, Smyrna High, Stewarts Creek Middle, La Vergne High, Riverdale High, Oakland High, Blackman High and Blackman Middle. The loan is in the amount of \$678,384 and the rate of interest will be 0.75%. The loan will be paid back over four years and the savings realized through the energy efficiency program will pay the loan. The four year payback period will begin once the project is complete.

Comm. Peay moved, seconded by Comm. Jernigan to approve the loan agreement as presented.

The motion passed unanimously by roll call vote.

SOLID WASTE:

Mac Nolen presented a Solid Waste Fund budget transfer to provide for overtime expenses for the remainder of the fiscal year:

Increase Expend.:	116-55732-187 Overtime	\$14,000
Decrease Expend.:	116-55732-147 Truck Drivers	\$14,000

Lisa Nolen next presented a budget transfer for Solid Waste to provide funding for the longevity line item:

Increase Expend.:	116-55720-186 Longevity Pay	\$75
Decrease Expend.:	116-55720-169 Part-Time Personnel	\$75

Comm. Peay moved, seconded by Comm. Shafer to approve the budget transfers as presented.

The motion passed unanimously by roll call vote.

PURCHASE OF PROPERTY FOR SOLID WASTE AND VEHICLE MAINTENANCE:

Mayor Burgess presented information about 19 acres of land on which he has negotiated a purchase agreement. The property will be used for a Solid Waste office, Vehicle Maintenance facility, and other supporting operational facilities. The land is at the corner of Florence Road and Singer Road. The purchase price of the land is \$1,250,000 and the Mayor expects a 120 day closing period, with the contingencies of a negative finding from a phase one environmental study, confirmation that the property is not in the flood plain, flood way or wetland and County Commission approval.

Comm. Peay asked why 19 acres was needed for this use. Mayor Burgess explained that the property was in a good location for this use and there would be land within this property for future use.

Funds for purchase of the property would be from the 2015 Series A bond issue.

Comm. Jernigan moved, seconded by Comm. Peay to approve the property purchase from bond proceeds, as presented.

The motion passed unanimously by roll call vote.

Lisa Nolen informed the committee about the results of the April 28 bond sale. There were 7 bidders for the new money issue with the lowest interest rate being 2.8648%. There were 7 bidders for the refunding issue with the lowest interest rate being 2.233%.

AUTHORIZATION TO APPLY FOR TDEC COMPOSTING FACILITY GRANT:

Mac Nolen provided information on a TDEC composting facility grant opportunity. The grant would involve the Solid Waste Department, County school system, the City of Murfreesboro Solid Waste Department and City school system and would require an interlocal agreement between the entities. The grant could be up to \$2,500,000 and would require a dollar for dollar match. The grant will require the four entities to work together to recycle food waste in a composting process. He advised it was anticipated the facility would be located at the City of Murfreesboro site on Florence Road due to the need for wood mulch as part of the process. The end product can be sold but Mr. Nolen did not know the value of the end product. The grant must be submitted by August 1, 2015.

Comm. Peay moved, seconded by Comm. Jernigan to authorize the County to enter into discussions with the other entities and submit an application for the grant.

The motion passed unanimously by acclamation.

GENERAL FUND SALARY ADJUSTMENTS:

Lisa Nolen presented a General Fund budget transfer to adjust salary line items as a result of a paygrade error:

Increase Expend.:	101-57100-116 Teachers	\$4,570
	101-57100-201 Social Security	\$285
	101-57100-212 Employer Medicare	\$70
Decrease Expend.:	101-57100-169 Part-time Personnel	\$654
	101-57100-205 Employee Health Ins.	\$4,271

Comm. Shafer moved, seconded by Comm. Baum to approve the budget transfer as presented.

The motion passed unanimously by roll call vote.

CONTRACT WITH TENNESSEE DEPARTMENT OF MENTAL HEALTH:

Lisa Nolen explained the contract with the Tennessee Department of Mental Health and Substance Abuse Services. The contract stipulates the cost to the County when a Judge orders a mental evaluation and treatment at state mental health hospitals for defendants charged only with misdemeanors. These charges are billed to the County in accordance with T.C.A. Title 33, Chapter 7, Part 3. The contract period is July 1, 2015 through June 30, 2016, and can be extended for an additional four, twelve month periods.

Comm. Shafer moved, seconded by Comm. Jernigan to approve the contract as presented.

The motion passed unanimously by acclamation.

2015-2016 BUDGET OVERVIEW:

Lisa Nolen provided the committee with notebooks containing the Mayor's, the School Board's and the Road Board's recommendations for the 2015-16 budget. She noted that the preliminary budget has some funds with negative ending fund balances and the General and General Purpose School Funds do not meet the fund balance reserve requirement. She also noted that a salary

survey had been performed and the financial impact of implementing the survey was listed separately. Human Resources is to further study how to best implement the survey.

No action was taken on this item.

ADJOURNMENT:

There being no further business to be presented, Chairman Jordan declared the meeting adjourned at 7:29 P.M.

Mark Tucker, Secretary